



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF TAX AND REVENUE



## REAL PROPERTY TAX SALE JULY 11–15, 2005

On Monday, July 11, 2005, the Office of Tax and Revenue (OTR) will begin the District's Real Property Tax Sale at 941 North Capitol Street, NE, 4<sup>th</sup> Floor, Washington, DC. The Tax Sale is an annual event required by DC law. The Tax Sale will continue each day, except Saturdays, Sundays and legal holidays, during the hours of 8:30 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m., or until all properties advertised for that day are sold. Prospective bidders must register to participate. Please see the attached Tax Sale Procedures for registration requirements.

Prior to the Tax Sale, OTR will conduct four **free** Tax Sale **seminars** to explain the District of Columbia Tax Sale procedures to prospective bidders. The seminars will be held at 941 North Capitol Street, NE, 4<sup>th</sup> Floor, Washington, DC. The dates and times of the seminars are listed below:

Date	Time
Tuesday, June 7, 2005	10:00 a.m. – 12:00 noon
Wednesday, June 8, 2005	2:00 p.m. – 4:00 p.m.
Thursday, June 9, 2005	10:00 a.m. – 12:00 noon
Thursday, June 9, 2005	5:00 p.m. – 7:00 p.m.

Registration for the seminar will remain open until all seats are filled. To register for the seminar, please contact a Customer Service Representative at (202) 727-4TAX (4829), or you may visit our Customer Service Walk-in Center at 941 North Capitol Street, NE, 1<sup>st</sup> Floor. Office hours are between 8:15 a.m. to 4:30 p.m. You will be asked to give your name and state which seminar you wish to attend. Seating for each session will be reserved on a first come/first served basis.

We strongly encourage anyone participating in the Tax Sale to attend one of the seminars. Each seminar will cover important statutory requirements that affect the Tax Sale process and provide useful tips for potential buyers. Each session will end with a question and answer period.

A list of properties to be auctioned will be published two weeks prior to the start of the Tax Sale in two newspapers in general circulation in the Washington Metropolitan area. The list will appear in **The Washington Post** and **The Washington Times** in mid June. OTR will not provide copies of this list. You must obtain your own copy of the list for your use during the Tax Sale. Please note that the list will also be posted on our Website at [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr). Look for the “Tax Sale” link listed under Information.

We look forward to your participation in the July 2005 Real Property Tax Sale.

# 2005 REAL PROPERTY TAX SALE PROCEDURES

## REGISTRATION

Beginning July 5, 2005, each prospective Tax Sale participant may begin to register with the Office of Tax and Revenue ("OTR"), located at 941 North Capitol Street, NE, 1<sup>st</sup> Floor, Washington, DC, for the Tax Sale. Registration will continue throughout the Tax Sale. Registration forms will be available and must be fully completed with the following information:

- Name(s) of purchaser(s) (maximum of two names per registration)
- Purchasers' mailing addresses
- Purchasers' telephone numbers (home, business and fax)
- Amount of deposit
- Signatures of purchasers
- Purchasers' SSN or FEIN Number(s)

A registration number will be assigned to each purchaser (per registration) at the time of registration.

## DEPOSIT

We require a minimum deposit of 20% of the total purchase price. This deposit should be paid at the Cashier's Office of the DC Treasurer, located at 941 North Capitol Street, NE, 1<sup>st</sup> Floor, Washington, DC 20002, immediately after completing and signing the registration form. Please submit a copy of paid receipt to a Tax Sale Technician after making payment at the Cashier's Office. Please ask a Customer Service Representative to contact a Tax Sale Technician for assistance. The Cashier's Office of the DC Treasurer is open from 8:15 a.m. to 4:30 p.m., Monday through Friday.

To successfully bid on a property, the purchaser (bidder) must have on deposit a minimum of 20% of the bid. No sale will be completed if the deposit (or remaining amount on deposit) is less than 20% of the sale amount of the property on which the purchaser bids. ***If the required deposit is not remitted prior to bidding, the property will be re-auctioned.***

In cases where the purchaser bids on multiple properties, the deposit on record will be applied to the winning bid amounts in the order that the bids are placed. If there is an insufficient amount on deposit to meet the 20% requirement, the deposit will be applied to each qualified bid amount until it is fully expended.

***For example, Purchaser A places the winning bid on three properties and has a deposit of \$2,000.00. Therefore, Purchaser A's total bid amount may not exceed \$10,000.00. The winning bid for Property 1 was \$5,000.00, the winning bid for Property 2 was \$8,000 and the winning bid for Property 3 was \$4,500.00. There is a sufficient amount on deposit for the first bid. However, there is an insufficient amount on deposit for the first and second bids combined. (\$5,000.00 + \$8,000.00 = \$13,000.00) which exceeds the \$10,000.00 bid limit). There is enough of the deposit remaining to meet the 20% requirement for the first and third bid (\$5000.00 + \$4,500.00 = \$9,500.00). In this***

*case, the second property will be reauctioned and Purchaser A will become the successful bidder of Properties 1 and 3. The bids for Properties 1 and 3 are deemed final.*

The Deposit Payment must be:

- Paid in advance by cash, certified check, money order, cashier check or by bank check (Personal and business checks will **not be** accepted.)
- Paid to the Cashier's Office of the DC Treasurer, located on the 1<sup>st</sup> Floor at 941 North Capitol Street, NE
- **Made payable to the DC Treasurer**

## **ANNUAL TAX SALE AUCTION PROCESS**

Bids **on properties** will automatically begin with the amount of delinquent taxes and advertising expenses as noticed in *The Washington Post* and *The Washington Times*. The bids will be raised by increments of \$25.00, \$100.00, \$1,000.00, \$10,000.00 etc., until the property is sold to the highest bidder. **All bids are final.**

Properties will be sold in the order they are listed in the newspapers and will be announced by square, suffix and lot numbers, or parcel and lot numbers. Please note that not all properties listed in the newspapers will be auctioned. Therefore, it is very important to follow along with the auctioneer.

A bid is entered when a bidder raises the "number card" high enough so the auctioneer can see it.

If OTR identifies a bidder whose current deposit is less than 20% of the total successful bid, the bidder will be notified and the property will be re-auctioned. Bidders may increase deposits anytime during the Tax Sale by making payments at the Cashier's Office of the DC Treasurer on the 1<sup>st</sup> Floor of 941 North Capitol Street, NE. However, the District will not delay bidding to allow a bidder to increase a deposit.

**Bidders should ask the auctioneer to state the name or number of the successful bidder before the auction proceeds to the next listed property.** Failure to **confirm the winning** bid may result in a bidder becoming the successful purchaser on a property, even if **it was** not the bidder's intention **to enter the final bid.** The auction will be tape recorded to ensure the accuracy of the bid.

## FINAL PAYMENT

By law, payment in full is due from a successful purchaser within five (5) business days from the last day of the Tax Sale. OTR will mail an invoice to the successful purchaser stating which property was purchased and the amount owed. However, the successful purchaser must pay the balance amount within five (5) business days after the last day of the Tax Sale, even if he or she did not receive an invoice in the mail. A duplicate invoice may be obtained at 941 North Capitol Street, NE, 1<sup>st</sup> Floor, Washington, DC 20002, Monday through Friday, between 8:15 a.m. and 4:00 p.m., except legal holidays. If final payment is not received by the prescribed date, twenty percent (20%) of the deposit will be forfeited to the District and the purchase will be **voided**.

**Final Payment must be made in cash, or by certified check, cashier check, money order, or bank check made payable to the DC Treasurer. Personal and business checks will not be accepted.**

## CERTIFICATE OF SALE

After an accounting and reconciliation of the Tax Sale, the Real Property Tax Administration will issue a Certificate of Sale for each property on which a purchaser successfully bids. The issuance of a Certificate of Sale ***does not*** grant ownership of the property, nor the right to enter on the property. The law allows the property owner or party in interest (*e.g.*, lienholder) a prescribed amount of time to redeem the property (see “Redemption Procedures” on page 5).

## REFUNDS

A purchaser will be mailed a refund for that portion of the purchaser's deposit that exceeds his or her successful bid(s). Non-purchasers who made a deposit will automatically receive a refund immediately after the Tax Sale has been reconciled and balanced.

If the property on which the purchaser successfully bids is redeemed by the owner (**or a party in interest**), the purchaser will receive a refund of the amount of taxes paid with interest thereon, plus surplus. Interest will accrue, until the property is redeemed, at the rate of 1½ percent per month (18% per year) from the date on the Certificate of Sale. **Interest is not paid on the surplus amount**, which is defined as the amount that is bid over and above the starting bid.

If for any reason, the sale is held to be invalid by the District or by a court, the amount of interest to be refunded will be at the rate of 1½% per month (18% per year), excluding surplus, from the date on the Certificate of Sale.

The purchaser is required to surrender the Certificate of Sale to receive a refund. However, if it is not received, a refund will be made and mailed to the successful bidder.

Please allow six (6) to eight (8) weeks for processing refunds. Interest is not paid during this processing period.

# REDEMPTION PROCEDURES

An owner of (or a party in interest to) a property sold at a Tax Sale may redeem the property anytime before the court order becomes final that forecloses the right of redemption of the property owner (and all parties in interest) and entitles the Tax Sale purchaser the right to be issued a tax deed. There is a six-month waiting period. During this six-month waiting period, the Tax Sale purchaser may not begin any foreclosure action on the property. However, in the fourth month following the last day of the Tax Sale, the Tax Sale purchaser may begin title research. This date is scheduled for November 16, 2005. Please allow ten (10) business days from November 16, 2005 to allow payment postings, because the purchaser will not be reimbursed for title research costs if the property is redeemed before the purchaser incurs such costs.

If the property owner redeems their property before the Tax Sale, the owner must:

- Pay all prior year taxes up through the 2004 real property tax year;
- Pay all penalty and interest accrued as of the date of payment; and
- In cases where a taxing agency liability was included on the Final Delinquent Notice and Bill Prior to Tax Sale, the owner must pay the taxing agency liability and the first half 2005 real property tax.

If the property owner redeems before the Tax Sale, but after the advertisement, the owner must:

- Pay all prior year taxes up through the 2004 real property tax year;
- Pay all penalty and interest accrued as of the date of payment;
- Pay the \$13.00 advertisement fee; and
- In cases where a taxing agency liability was included on the Final Delinquent Notice and Bill Prior to Tax Sale, the owner must pay the taxing agency liability and the first half 2005 real property tax.

If the property owner redeems after the Tax Sale, but before the Tax Sale purchaser has initiated a title research, the owner must:

- Pay all prior year taxes;
- Pay all taxes to bring the real property taxes current at the time of redemption, including the penalty and interest that has accrued as of that date;
- Pay the \$13.00 advertisement fee; and
- Pay all assessments, fees and costs assessed by a taxing agency. (These assessments, fees, and costs appear on our Website: [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr)).

If the property owner redeems after the Tax Sale and after the Tax Sale purchaser has initiated a Title Search, the owner must:

- Pay all prior year taxes;
- Pay all taxes to bring the real property taxes current at the time of redemption, including the penalty and interest that has accrued as of that date;
- Pay all assessments, fees and costs assessed by a taxing agency. (The assessments, fees, and costs appear on our Web site: [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr));
- Pay the \$13.00 advertisement fee; and

- Pay the recording fee and the pre-complaint legal expenses, which include Title Search fees. (\$320.00).

If the property owner redeems after the Tax Sale and after the purchaser has initiated a foreclosure action in court, the owner must:

- Pay all prior year taxes;
- Pay all taxes to bring the real property taxes current at the time of redemption;
- Pay all assessments, fees and costs assessed by a taxing agency. (The assessments, fees and costs appear on our Website: [www.cfo.dc.gov/otr](http://www.cfo.dc.gov/otr));
- Pay the penalty and interest that has accrued as of the date;
- Pay the \$13.00 advertisement fee;
- Pay the recording fee and the pre-complaint legal expenses, which include Title Search fees (\$320.00); and
- Pay all expenses, as allowed by the Superior Court, including expenses for personal service of process, service of process by publication, posting of all required notices, expenses for postage, and a reasonable attorney's fee.

## **PROCESS TO OBTAIN A TAX DEED**

To obtain a tax deed, the Tax Sale purchaser must do the following:

- Conduct a title search for all parties with an interest in the property, including the owner
- Initiate a foreclosure action in court, within one (1) year from the date of the Certificate of Sale. (The Tax Sale purchaser must send notice of foreclosure action to all parties identified in title search.)
- Obtain a court order from the District of Columbia Superior Court, foreclosing the owner's right of redemption (and all the parties in interest) and providing to the purchaser the right to be issued a deed (after satisfying all tax and liabilities due and owing against the property).
- Pay all taxes and taxing agency liabilities due and owing on the property.

If the foreclosure action has not begun within one (1) year from the date of the Certificate of Sale, the Tax Sale purchaser will forfeit all monies paid at Tax Sale and all monies paid toward the outstanding taxes on the property. The Tax Sale purchaser will not be entitled to receive a tax deed and the sale will be voided. The monies forfeited by the Tax Sale purchaser will go into a general fund. However, these monies are not credited to the payment of the delinquent taxes on the property. The owner will continue to be liable for the delinquent taxes, including the penalty and interest that has accrued until the taxes are satisfied.

A Tax Sale purchaser may also be subject to forfeiture of monies paid at tax sale and subsequent payment of real property taxes if the buyer owes taxes to the District.

## LEGAL REFERENCES

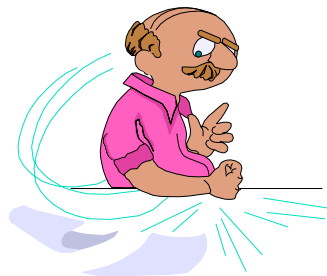
For citation to the law authorizing the sale of the properties, see the notices of tax sale published in *The Washington Post* and *The Washington Times* above the lists of corresponding properties to be sold. Also refer to the District of Columbia Official Code and the District of Columbia Municipal Regulations, copies of which may be found in local District of Columbia libraries. **As a purchaser, it is your responsibility to know the law.** At each tax sale and throughout the entire sale processes, all bidders bid and purchase properties, and may be granted deeds to properties, at their own risk.



# ***How to Avoid Tax Sale Pitfalls!!!***

Tax Sale purchaser must exercise “due diligence.” This means he/she must investigate all liabilities assessed against the property before bidding on the property.

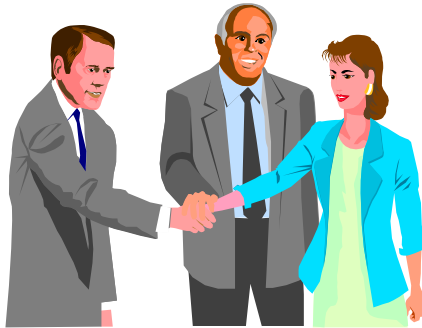
- Should visit the property prior to bidding at any tax sale.
- Must pay the balance of the bid amount within five (5) business days from the last day of the Real Property Tax Sale. If the buyer fails to pay the balance on or before the due date, the buyer will forfeit 20% of the amount on deposit.
- For any tax sale, must begin foreclosure action within one year from the date of the certificate of sale. If foreclosure proceedings have not begun within the one year period, the buyer will forfeit all monies paid and the sale will be voided.
- Must pay any and all taxes owed to the District of Columbia Government prior to participating at any tax sale.





# Benefits of Being a Tax Sale Purchaser

- The buyer receives interest on the amount of money that represents the delinquent tax that he or she paid.
- The interest accrues at the rate of 1½ percent interest per month (18% per year).
- The purchaser benefits from paying taxes on the property he or she purchased at the Tax Sale because any monies paid will be credited to the deed payment.
- The owner is liable for any outstanding taxes paid by the purchaser on the property.
- If the owner does not redeem the property, the purchaser obtains the deed to the property.



## SUBSEQUENT PAYMENT

- A subsequent payment is a payment of any subsequent real property tax imposed or of a prior year real property tax that has not been sold at tax sale.
- A subsequent payment may only be paid after approval from the Tax Sale Unit.
- The subsequent payment may only be paid using a special Tax Sale Purchaser's Tax Bill.
- If a subsequent payment is made using Real Property Tax Bill, the taxes will be paid on behalf of the owner and the tax sale buyer will not be entitled to a refund of the tax paid.
- All requests to make a subsequent payment must be made in writing.
- If you are a successful bidder at the 2005 real property tax sale, you may submit your written request for a subsequent payment to pay the first half 2005 and second half real property taxes and any other prior year tax that has not been sold at tax sale after October 1, 2005; but before October 31, 2005.
- Penalty and interest due as of October 1, 2005 must be paid on the first half 2005 real property tax and any prior year real property tax and will appear on the Tax Sale Purchaser's Tax Bill. However, penalty and interest will not be charged against the second half tax.



- If you are a tax sale purchaser from a prior year tax sale, you may submit your written request to make a subsequent payment of the second half 2005 real

property tax and any prior year real property tax that has not gone to tax sale after October 1, 2005; but before October 31, 2005.

- Penalty and interest due as of October 1, 2005 must be paid on the first half 2005 real property tax and any prior year real property tax and will appear on the Tax Sale Purchaser's Tax Bill. However, penalty and interest will not be charged against the second half tax.
- Any requests to make a subsequent payment of the second half 2005 real property tax submitted after October 31, 2005 will be subject to penalty and interest accrued as of the date the request for subsequent payment was submitted.
- All other subsequent payment requests must be submitted on the following dates to pay the following periods:

Requests to make a subsequent payment of a current first half real property tax must be made after April 15; but before May 15, 2005. A current first half tax is the first half tax that is due and payable in the real property tax year in which the request to make a subsequent payment is made. For example, if a written request to make a subsequent payment is submitted in calendar year 2006 (before October 1, 2006), the current first half tax would be the 2006 first half tax.



- 1) Requests to make a subsequent payment of a current second half real property tax must be made after October 1; but before October 31, 2005. A current first half tax is the first half tax that is due and payable in the real property tax year in which the request to make a subsequent payment is made. For

example, if a written request to make a subsequent payment is submitted in calendar year 2006 (before October 1, 2006), the current first half tax would be the 2006 first half tax.

- 2) The deadlines established for subsequent payment written requests submissions do not apply to properties on a delayed billing schedule. The deadlines for submission of written requests for subsequent payments for properties on a delayed billing schedule will be established based on due date for payment.
- 3) Written requests for subsequent payments must include the following information:
  - a) Square, Suffix (if applicable) and Lot number; or Parcel and Lot number;
  - b) Name of tax sale purchaser;
  - c) Tax Sale Year in which tax sale purchaser became successful bidder;
  - d) Real Property Tax Year(s) for which tax sale purchaser would like to pay the subsequent payment;
  - e) Mailing address (or e-mail) address of Tax Sale Purchaser; and
  - f) Daytime Telephone Number of the Tax Sale Purchaser and/or Tax Sale Purchaser's Representative.



# **SPECIAL DEED PROGRAM**

- **The Special Deed program is a program that gives the public an opportunity to acquire a property that was sold at least once at a tax sale (beginning with the 2001 tax sales) and was bid back in the name of the District of Columbia.**
- **All requests for to participate in the Special Deed Program must be made in writing and must include:**
  - 1) **Square**
  - 2) **the name of the tax sale purchaser, the tax sale purchaser's mailing address and the tax sale purchaser's daytime phone number.**
- **Once a written request to participate in the Special Deed Program, research will be conducted to determine if the property continues to be eligible for the Special Deed process.**
- **If the property is eligible for the Special Deed Program, the requester will receive a Certificate of Sale for that Property.**
- **If the property is ineligible for the Special Deed Program, the requester will receive a letter denying his or her request to participate in the Special Deed Program.**
- **No tax sale purchaser may begin any title research or foreclosure action or pay a subsequent payment until the purchaser receives Certificate of Sale.**
- **Once Tax Sale Purchaser receives a Certificate of Sale through the Special Deed Program (only), the purchaser may immediately begin the title search process and then foreclosure. There is no six month waiting period for the Special Deed Program.**



# Bright Idea Notes



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